

Message Text

CONFIDENTIAL

PAGE 01 GUATEM 03129 262240Z
ACTION ARA-14

INFO OCT-01 ISO-00 AID-05 EB-08 COME-00 TRSE-00 OMB-01
CIAE-00 DODE-00 INR-10 NSAE-00 PA-01 ICA-11 SP-02
DOE-15 SOE-02 /070 W
-----131038 270837Z /15
R 262211Z MAY 78
FM AMEMBASSY GUATEMALA
TO SECSTATE WASHDC 0414

C O N F I D E N T I A L GUATEMALA 3129

E.O. 11652: GDS
TAGS: PINT, EAID, ENRG, GT
SUBJ: RESISTENCE TO ELECTRIC RATE HIKE PROMPTS PLEA TO IBRD

1. GOG HAS COME UNDER HEAVY ATTACK BOTH FROM PRIVATE SECTOR AND INTEREST GROUPS ACROSS THE POLITICAL SPECTRUM OVER ANNOUNCED INTENTION TO RAISE POWER RATES BY AN AVERAGE 27 PERCENT. IBRD CONDITIONS, AGREED TO BY GOG WHEN LOANS WERE NEGOTIATED, THAT INDE GENERATE A PORTION OF CAPITAL COSTS ASSOCIATED WITH THE CHIXOY AND AGUACAPA HYDROELECTRIC PROJECTS AS WELL AS MEET STATED RETURN ON ASSETS CRITERIA, HAVE BEEN CITED AS REASONS FOR MASSIVE PROPOSED INCREASE.

2. MAY 26 PRESS REPORTS GOG PLANS TO SEND DELEGATION TO IBRD TO PLEAD FOR ELIMINATION OF ONEROUS BANK CONDITIONS. VICE PRESIDENT-ELECT VILLAGRAN KRAMER TOOK EMBOFF ASIDE EVENING MAY 25 TO PASS WORD THAT PRESIDENT LAUGERUD HAD SENT TELEGRAM TO IBRD PRESIDENT TO SAME EFFECT. VILLAGRAN ALSO SAID HE HAD TELEPHONED OAS DEPUTY SECRETARY GENERAL JORGE LUIS ZELAYA CORONADO, A GUATEMALAN AND OLD FRIEND, ASKING HIM TO PASS THIS INFORMATION TO STATE DEPARTMENT.

3. COMMENT. WE UNDERSTAND THAT COMPLIANCE WITH WORLD BANK CONDITIONS DID NOT NECESSARILY DICTATE AS LARGE AN IMMEDIATE RATE INCREASE AS HAS BEEN ANNOUNCED. GOG EITHER MISCALCU-
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 GUATEM 03129 262240Z

LATED INTENSITY OF OUTCRY (WHICH COMBINES DISMAY OVER PRESUMED INFLATIONARY IMPACT WITH CONSIDERATIONS OF WOUNDED NATIONAL DIGNITY) OR HAS USED THE 27 PERCENT ANNOUNCEMENT TO MAKE MORE PALATABLE A LESS DRAMATIC FALLBACK INCREASE WHICH STILL MEETS BANK CONDITIONS. LATTER COULD THEN BE REPRESENTED AS IBRD CONCESSION TO GOG'S CASE. IF SMALLER INCREASE IS EVENTUALLY AGREED TO, A FURTHER INCREASE WILL BE NEEDED DURING THE NEXT

COUPLE OF YEARS. IF THE 27 PERCENT INCREASE STICKS, NO
FURTHER INCREASE WOULD BE REQUIRED UNTIL 1982, ACCORDING
TO INDE'S MANAGER.
ANDREWS

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COSTS, ELECTRIC POWER, LOAN AGREEMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 26 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978GUATEM03129
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780224-0761
Format: TEL
From: GUATEMALA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780515/aaaaamod.tel
Line Count: 66
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 99e9b695-c288-dd11-92da-001cc4696bcc
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 13 jul 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2554779
Secure: OPEN
Status: NATIVE
Subject: RESISTENCE TO ELECTRIC RATE HIKE PROMPTS PLEA TO IBRD
TAGS: PINT, EAID, ENRG, GT, IBRD
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/99e9b695-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014